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C O N F I D E N T I A L SECTION 01 OF 04 KIEV 001851

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TAGS: PGOV PREL UP

SUBJECT: UKRAINE: UPDATES FROM BEZSMERTNY AND TYMOSHENKO -  
YUSHCHENKO DIFFERENT POST VILNIUS, BUT NO DONE DEAL

REF: A. KIEV 1540

1B. KIEV 1711

1C. KIEV 1773

Classified By: Charge, reason 1.4 (b,d)

11. (C) Summary: A downbeat and cynical Roman Bezsmertny and a more relaxed Yuliya Tymoshenko separately assessed the current state of play in coalition negotiations with Charge May 11-12; their characterizations largely tracked, though not completely. Both said that Yushchenko's attitude towards formation of an orange coalition had changed for the better after Yushchenko's meetings with the Vice President and EU High Rep Solana in Vilnius May 4, leading to a two-hour Yushchenko-Tymoshenko meeting May 5. Negotiators for Our Ukraine (OU), Tymoshenko's Bloc (BYUT), and the Socialist Party of Ukraine (SPU) would attempt agreement on a preliminary version of the coalition document by May 14, allowing for a group meeting with Yushchenko May 15 or 16. That said, neither discounted the possibility that a Regions-OU coalition might eventually emerge. Bezsmertny estimated 15 percent of OU MPs supported the Regions option; Tymoshenko named names: Petro Poroshenko, Mykola Martynenko, Presidential adviser Vira Ulyachenko, PM Yuri Yekhanurov, and Anatoliy Kinakh, for starters. Tymoshenko said that even if she detected a warmer attitude by Yushchenko personally towards her and an orange coalition, the insider clique led by Poroshenko would do everything possible to scuttle orange coalition prospects, leading to the Regions option, regardless of the damage to Yushchenko's political future. Bezsmertny said that he was finished trying to push the coalition process faster than internal OU dynamics would allow. Both suggested final cabinet formation could occur as late as mid-late July, based on a Rada opening of May 24-25.

12. (C) Comment: After several months of uncharacteristic constructive optimism, the vintage cynical and caustic Bezsmertny was back; Bezsmertny clearly is still nursing wounds following criticism by Yushchenko/Our Ukraine's Executive Council that he had leaned too far forward April 13 in reconstituting the Orange Coalition (ref A). Bezsmertny, who seemed deflated, without the energy or drive he exhibited the past several months, said the process of coalition building was worse than it was a month ago because it has lost momentum - confirming what Tymoshenko told us April 28 when she said OU negotiators were merely going through the motions without enthusiasm (ref B). Tymoshenko was clearly much better disposed towards Yushchenko in her May 12 comments but saw the hand of archrival Poroshenko everywhere trying to control Yushchenko and attempting to scuttle the orange coalition. Nemyria, who had met former Polish President Kwasniewski earlier in the week, said that Kwasniewski would reinforce the need for an orange coalition with Yushchenko in Warsaw May 12. Ambassador will revisit the main negotiators the week of May 15 once Yushchenko meets with the group. End Summary and Comment.

Vilnius had an impact: Yushchenko better disposed to Orange

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¶3. (C) Coalition-related messages delivered by the Vice President and EU High Representative Solana in Vilnius May 4 had an impact on Yushchenko's thinking and actions, according to both Bezsmertny and Tymoshenko. Bezsmertny said Yushchenko's comments and instructions to his staff after he came back from Vilnius showed renewed focus on pushing coalition negotiations forward. Yushchenko met Bezsmertny May 5 prior to meeting serially with Tymoshenko, Moroz and Yanukovych. Tymoshenko thanked us for the Vilnius intervention. Before Vilnius, Yushchenko had been quoted mentioning a "wide, democratic coalition," interpreted by many as including Regions. After Vilnius, he was talking orange. Their May 5 session had lasted two hours, helping to clear the air. Tymoshenko sensed a change in Yushchenko's attitude towards her. Before Vilnius, his disdain about a coalition with BYuT was palpable. After, he was warmer both to her and to concluding the coalition with BYuT and the SPU.

¶4. (C) Bezsmertny said Yushchenko had called him early May 11 and met with him later that day, just before Bezsmertny met Charge. Yushchenko had asked whether it was already time for him to meet with the so-called "troika" (trio) of lead negotiators (Bezsmertny, Tymoshenko, and Socialist leader Moroz) to put the stamp of approval on the general coalition document (note: catching wind of the possible May 11 meeting, Tymoshenko canceled a scheduled visit to Vienna to meet with Goldman Sachs, sending her foreign policy adviser Nemyria in her place, Tymoshenko told us May 12).

Coalition negotiations: Getting down to details, of a sort

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¶5. (C) Bezsmertny, who frankly acknowledged he had been burned in the past by pushing the coalition process faster than the substance warranted, said that he had recommended that Yushchenko convene such a group meeting with Tymoshenko and Moroz May 15-16, allowing for several more days of work on the program. Handing over a copy of the 48 page draft coalition document as it stood May 11, Bezsmertny claimed the three parties had already reached agreement on the sections governing foreign policy and coalition rules, but that they had done no meaningful work on economics or agrarian/land policy (see ref b). Bezsmertny placed the blame on BYuT for not fully staffing the working groups or taking the process seriously; in contrast, the Socialists were effective working partners.

¶6. (C) In contrast, Tymoshenko said that BYuT was ready to agree to anything, sign immediately, and get to work; she added there would be a large working meeting on May 14 of the main negotiators plus working group representatives to hash out/approve a preliminary draft version of the coalition program, which could then be discussed with Yushchenko May 15-16. She expected they would reach agreement on the foreign policy, internal/economic policy, and rules sections May 14, leaving aside personnel issues, which would be much more contentious. The foreign policy section would be spun off for presentation to the Rada for approval, as required by Ukrainian law. Without referencing the text Bezsmertny provided, we asked about characterization of NATO (note: the Our Ukraine draft used NATO repeatedly, as opposed to Euro-Atlantic). Nemyria said that references to NATO had been changed to Euro-Atlantic to smooth the way for Socialist endorsement. He said he had worked closely with the EuroParliament's Socialist Group (PES) and Solana's team to bring the SPU along closer to the attitudes of Western European Social Democratic parties; Tymoshenko praised Nemyria's work in this regard.

...but no done deal for Orange, and a two-month timeframe

¶7. (C) That all said, Bezsmertny and Tymoshenko both stressed that Yushchenko still had not decided definitively in favor of an Orange Coalition with Tymoshenko as Premier. Spurred on by an influential clique of insiders who favored a deal with Regions, Yushchenko had not made a final choice. Bezsmertny downplayed the "ongoing conversation" between the Presidential Secretariat/Yekhanurov and Regions as not serious; there were no documents in preparation that could serve as a basis for a coalition. Tymoshenko claimed that the contacts were "serious and continuous," fingering her archrival Poroshenko, outgoing OU Rada faction leader Martynenko, Kinakh (who submitted a letter of resignation as National Security and Defense Council Secretary May 12, according to press reports, to assume his Rada mandate), influential adviser to Yushchenko and friend of First Lady Kataryna Vira Ulyachenko, whom she alleged was accepting money from Regions, and PM Yekhanurov, whom Tymoshenko suggested thought he could stay on as PM in exchange for Yanukovych becoming Rada Speaker and Regions controlling more than half the Cabinet slots. Tymoshenko said it was not even clear where Presidential Chief of Staff Rybachuk now stood; as strange as it seemed to her, there were indications he was leaning in favor of the Regions option now (comment: this does not sound right to us; we will follow up with Rybachuk).

¶8. (SBU) Note: Yushchenko traveled to Poland May 12-13. Ukrainian wire services and media outlets widely reported an interview with leading Polish newspaper Gazeta Wyborcza published May 12 in which Yushchenko appeared to rule out a coalition deal with Regions; however, his actual coalition comment was somewhat more nuanced: "An Orange Coalition is the best possibility...(the possibility) of an orange-blue coalition is excluded for today." Yushchenko also stated that he did not rule out Tymoshenko's return as Premier, the first public commentary to that effect he had made since the March 26 elections.

¶9. (C) Neither Bezsmertny nor Tymoshenko expressed optimism that there would be quick movement toward forming a coalition government; both predicted ultimate cabinet formation could come as late as mid-late July, towards the end of the 60 days after the Rada convenes. While Tymoshenko stressed the downsides to continued stalling by OU to Yushchenko's political standing and OU's ratings (down to 8-10 percent in the latest polls), Bezsmertny helplessly shrugged his shoulders and made clear he was done pushing the process faster than OU and Yushchenko would accept. He said the Rada would meet for the first time next week (May 24-25), but predicted it would be consumed with internal organizational issues and would not be quick to turn to the formation of the

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coalition. The lack of a precedent (e.g., that this would be the first government formed since constitutional reform went into effect, and the coalition, Rada, and president would have to feel their way forward) would be an additional factor slowing progress.

¶10. (C) Tymoshenko stated that reaching agreement on personnel choices would be very difficult; Bezsmertny expressed a similar view, noting that 80 percent of OU MPs favored an orange coalition, but most of them opposed Tymoshenko as PM. She alleged that OU's Zvarych had said in the most recent negotiating session that BYuT would need to accept Poroshenko as Rada Speaker if coalition discussions were to proceed any further (note: Yushchenko and OU publicly stick to the line that there would be no discussion of positions until after the coalition document were signed). Tymoshenko also claimed that Yushchenko/OU were attempting to expand Presidential prerogative in the coalition negotiations by making a bid to keep all the "siloviki" (law enforcement related personnel) in place. She felt that would be a disaster, since the Prosecutor General and his deputies (Medvedko, Shokin, Vinokurov), the Security Service (SBU)

Chief Dryzhchany, and even Interior Minister Lutsenko were all affiliated with Poroshenko, if not also connected to Regions, in the case of Medvedko, a Donetsk native. She claimed that Socialist leaders Moroz and Vinsky were now privately disavowing connections with Lutsenko.

Two takes on the Rada Working Group, and the hand of Poro

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¶11. (C) The one issue on which Bezsmertny struck a more optimistic note than Tymoshenko concerned the Rada Working Group, comprised of MPS-elect from Regions (12), BYuT (9), OU (6), SPU (2), and the Communists (2), plus outgoing Speaker Lytvyn, established to organize the opening of the new Rada prior to formation of a governing coalition. Bezsmertny noted that OU, BYuT, SPU were working together and predicted Socialist MP-elect Bokyti would be chosen Working Group Chair, perhaps May 15, though OU had nominated Yushchenko's representative to the Rada Klyuchkovsky. (Note: May 11 press reports indicated that OU, BYuT, and SPU had rejected the candidacy of outgoing Communist deputy Speaker Martynyuk, supported by Party of Regions and the Communists.)

¶12. (C) In contrast, Tymoshenko saw worrying signs in the working group, particularly what she termed as the destructive role of Poroshenko, whom she blamed for having prevented progress in the first three sessions. Poroshenko alone had openly supported the proposal of Regions' MP Azarov to require a two-thirds majority to make working group decisions, effectively giving Regions a veto (she added that Poroshenko and Azarov were close, perhaps business partners). BYuT and the SPU had rejected the proposal, she added. In the next meeting with Yushchenko, she and Moroz would raise the problem of the working group dynamics; she would suggest that either Poroshenko be replaced or that Yushchenko give clear instructions on the attitude and approach OU members should adopt.

¶13. (C) The main obstacle to formation of the OU-BYuT-SPU coalition was Poroshenko, she stressed; it almost seemed that Yushchenko was not entirely free to make his own decisions, or able to shake loose from those operating not in his interests but their own. Even if the Orange Coalition were to form, Poroshenko and his clique would work hard to bring it down as quickly as possible; they were already laying such plans, she claimed. This was why it was important to keep Poroshenko out of the government and the Rada leadership and find some post for him to keep him out of the mix, ideally an Ambassadorship out of the country.

¶14. (C) The problem appeared to be a seemingly unshakable bond between Yushchenko and Poroshenko which she could not quite explain. She wondered out loud whether Poroshenko had something he could hold against Yushchenko, perhaps joint business deals (she cited rumors allegedly sourced from Yushchenko bodyguards that Yushchenko and Poroshenko had a relatively recent screaming match). Poroshenko and others acted out of their own interest without regard to the damage an alliance with Regions would do to Yushchenko's base, reputation, and chances for re-election in 2009. Ukrainian society wanted clarity and decisiveness from its leaders; the OU strategy to delay was self-defeating for Yushchenko. Acknowledging that OU insiders saw her as Yushchenko's main 2009 opponent, she said that she had explained to Yushchenko May 5 why that was not the case. She had told Yushchenko that Yanukovych would be his only serious opponent in 2009. She was ready to support him through 2009 and beyond on a common program; giving governorships in Donetsk, Luhansk, and Kharkiv to Regions now only buttressed Yanukovych's ability

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to mount a serious campaign, which would start in 2008, two years away.

¶15. (U) Visit Embassy Kiev's classified website at: [www.state.sgov.gov/p/eur/kiev](http://www.state.sgov.gov/p/eur/kiev).

Gwaltney